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**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA**

BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
APRIL 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/7/07

**GAS UTILITY DISTRICT NO. 1
OF WEST-FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants

INDEPENDENT AUDITORS' REPORT

Clay Hardouin and Board Members of
Gas Utility District No. 1 of West Feliciana Parish
P. O. Box 2485
St. Francisville, Louisiana 70775

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 1 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of and for the year ended April 30, 2007, which collectively comprise the Gas Utility District No. 1 of West Feliciana Parish's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Gas Utility District No. 1 of West Feliciana Parish's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

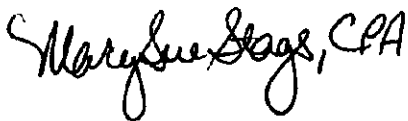
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities the Gas Utility District No. 1 of West Feliciana Parish, a component unit of the West Feliciana Parish Police Jury, as of April 30, 2007, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Gas Utility District No. 1 of West Feliciana Parish's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplementary information listed in the table of contents under Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA,
A Professional Accounting Corporation
October 29, 2007

BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2007**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund – enterprise fund. *Enterprise funds* are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its gas services.

Statements include the following:

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Fund Net Assets. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 9-13 of this report.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2007**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 15 with the actual notes beginning immediately afterwards.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section.

Other Information. Additionally, this report also presents certain other information that is deemed useful to users of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS
Business-type Activities**

	<u>2007</u>	<u>2006</u>
Assets		
Current assets	\$ 1,027,765	\$ 822,312
Investments	548,123	520,613
Restricted assets	3,739	2,694
Capital assets, net	<u>1,188,848</u>	<u>1,135,244</u>
Total Assets	2,768,475	2,480,863
 Liabilities		
Current liabilities	<u>290,721</u>	<u>215,647</u>
 Net Assets		
Invested in capital assets, net of accumulated depreciation and related debt	1,188,848	1,135,244
Restricted	3,739	2,694
Unrestricted	<u>1,285,167</u>	<u>1,127,278</u>
Net Assets	<u>2,477,754</u>	<u>2,265,216</u>

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2007**

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS
Business-type Activities**

	<u>2007</u>	<u>2006</u>
Revenues		
Charges for services	\$ 3,427,361	\$ 4,524,167
Other operating revenues	1,111	-0-
Non-operating revenues	30,341	293,763
Total Revenues	<u>3,458,813</u>	<u>4,817,930</u>
Expenses		
Operating	3,246,275	4,306,061
Non-operating expenses	-0-	411
Total Expenses	<u>3,242,034</u>	<u>4,306,472</u>
Change in net assets	212,538	511,458
Net assets, beginning	<u>2,265,216</u>	<u>1,753,758</u>
Net assets, ending	<u>2,477,754</u>	<u>2,265,216</u>

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS
Business-type Activities**

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 167,043	\$ 341,506
Non-capital financial activities	1,045	-0-
Capital and related financing activities	-0-	(77,738)
Investing activities	<u>(114,016)</u>	<u>1,982</u>
Net Change in Cash and Cash Equivalents	54,072	265,750
Cash and cash equivalents, beginning of year	<u>697,248</u>	<u>431,498</u>
Cash and cash equivalents, end of year	<u>751,320</u>	<u>697,248</u>

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2007**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets, net of accumulated depreciation and related debt at April 30, 2007 and 2006, was \$1,188,848 and \$2,324,092, respectively. Additions during the year included a Ford truck, computer and continuing construction related to gas line relocations.

Capital assets at year-end are summarized as follows:

	CAPITAL ASSETS	
	Net of Accumulated Depreciation	
	Business-type Activities	
	<u>2007</u>	<u>2006</u>
Non-depreciable Assets		
Land	\$ 7,500	\$ 7,500
Construction in progress	408,050	320,459
Depreciable Assets		
Gas distribution system	691,921	720,024
Equipment	37,969	46,414
Vehicles	<u>43,408</u>	<u>40,847</u>
Capital Assets, net	<u>1,188,848</u>	<u>1,135,244</u>

Debt Administration: The District had no long-term debt at April 30, 2007 or 2006. Series 2008 revenue bonds, however, were approved to finance gas line replacement projects currently underway. The first advance on bond anticipation notes were received in May of 2007, in the amounts of \$558,000 and \$50,100 towards the total bond approval of \$2,790,000. The annual debt service is estimated to be no more than \$146,642 each year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Ruby Woods, Gas Utility District No. 1 of West Feliciana Parish, P. O. Box 2485, St. Francisville, Louisiana 70775 or 225-635-3590.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF NET ASSETS
APRIL 30, 2007**

	<u>Business-type Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 747,581.27
Investments	548,122.68
Accounts receivable	<u>280,184.20</u>
Total Current Assets	1,575,888.15
Restricted Assets:	
Cash and cash equivalents	3,738.88
Capital Assets:	
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,677,548	<u>1,188,847.50</u>
TOTAL ASSETS	<u><u>2,768,474.53</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Payable from current assets:	
Accounts payable	249,578.56
Payroll withholdings and related payables	436.99
Compensated absences	<u>36,967.00</u>
Total Current Liabilities (Payable from Current Assets)	286,982.55

Continued

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
APRIL 30, 2007**

	<u>Business-type Activities</u>
Payable from restricted assets:	
Customer deposits	<u>\$ 3,738.88</u>
 Total Current Liabilities/Total Liabilities	 290,721.43
 Net Assets:	
Invested in capital assets, net of related debt	1,188,847.50
Restricted for customer deposits	3,738.88
Unrestricted	<u>1,285,166.72</u>
 Total Net Assets	 <u>2,477,753.10</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>2,768,474.53</u></u>

The accompanying notes are an integral part of this statement.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED APRIL 30, 2007**

	<u>Business-type Activities</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Gas sales	\$ 3,419,598.20
Meter installations	7,763.00
Refunds/dividends	<u>1,111.00</u>
Total Operating Revenues	3,428,472.20
<u>OPERATING EXPENSES</u>	
Administrative	44,963.71
Depreciation	63,243.00
Employee and related expenses	219,357.68
Occupancy	65,166.66
Personal services	<u>2,853,544.64</u>
Total Operating Expenses	<u>3,246,275.69</u>
Operating Income	182,196.51
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest earned	<u>30,341.05</u>
Change in Net Assets	212,537.56
Net Assets, beginning	<u>2,265,215.54</u>
Net Assets, ending	<u><u>2,477,753.10</u></u>

The accompanying notes are an integral part of this statement.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2007**

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,274,935.00
Cash paid to suppliers for goods/services	(2,892,764.62)
Cash paid to employees for services	<u>(215,127.52)</u>
Net Cash Provided by Operating Activities	167,042.86
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipt/refund of customer deposits	<u>1,045.00</u>
Net Cash Provided by Non-Capital Financing Activities	1,045.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition and construction of capital assets	(116,846.89)
Interest received	30,341.05
Investments matured/reinvested	<u>(27,509.91)</u>
Net Cash Used for Investing Activities	<u>(114,015.75)</u>
Net Increase in Cash and Cash Equivalents	54,072.11
Cash and Cash Equivalents, beginning of year	<u>697,248.04</u>
Cash and Cash Equivalents, end of year	<u><u>751,320.15</u></u>

Continued

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED APRIL 30, 2007**

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 186,437.51
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	63,243.00
(Increase) decrease in assets:	
Accounts receivable	(152,426.20)
Increase (decrease) in liabilities:	
Accounts payable	69,799.39
Payroll withholdings and related payables	(10.84)
Compensated absences payable	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>167,042.86</u></u>
BALANCE SHEET PRESENTATION OF CASH:	
Current Assets:	
Cash and cash equivalents	747,581.27
Restricted Assets:	
Cash and cash equivalents	<u>3,738.88</u>
Cash and Cash Equivalents, end of year	<u><u>751,320.15</u></u>

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

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**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

INTRODUCTION

The Gas Utility District No. 1 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Police Jury as allowed under Louisiana Revised Statutes 33:4301-4308. Eleven commissioners, nine of which are appointed by the parish governing authority, one by the warden of the Louisiana State Penitentiary (Louisiana Department of Public Safety) and one by the chief executive officer of the Eastern Louisiana Mental Health System (Louisiana Department of Health and Hospitals), govern it. Serving approximately 360 customers, it was created to provide natural gas services to the citizens of West Feliciana Parish residing within its boundaries.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*. The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the West Feliciana Parish Police Jury is the financial reporting entity for West Feliciana Parish. The District is considered a component unit of the West Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

funds of the District include the following fund types:

1. **Enterprise** – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Application of FASB Statements and Interpretations: Reporting on business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's gas services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Receivables: The District utilizes the direct charge-off method; therefore, there is no allowance for doubtful accounts. Substantially all amounts known to be uncollectible have been charged off. The amount recorded on the accompanying financial statements is expected to be collected within one year.

Inventory: Inventory of the District includes only office supplies and various parts used to maintain its gas distribution system, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is computed using the straight-line method of depreciation over the following lives – gas system 33 years; equipment 7 years; and vehicles 5 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District has elected to not report its governmental infrastructure retroactively. From this point forward, the District will use the basic approach to infrastructure reporting for its governmental activities when applicable.

Compensated Absences: Vested or accumulated vacation leave is recorded as a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

Net Assets: In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Interest-bearing demand deposits	<u>\$ 751,320.15</u>
----------------------------------	----------------------

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

Of the cash balances included above, \$3,738.88 is restricted for customer deposits.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

NOTE 3 – INVESTMENTS

The District has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of Louisiana, and its purpose is to provide a safe environment for the placement of public funds in short-term, high-quality investments. Investments included in its portfolio, that is restricted to those issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its assigns, include only those with maturities of ninety days or less. This design allows participants immediate access to their funds.

The cost and market of funds held at LAMP, Inc. was \$548,122.68 at April 30, 2007.

NOTE 4 – RECEIVABLES

The net receivables at April 30, 2007, are as follows:

Class of Receivables

Trade	<u>\$ 280,184.20</u>
-------	----------------------

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 7,500.00	\$.00	\$.00	\$ 7,500.00
Construction in progress	<u>320,458.76</u>	<u>87,591.39</u>	<u>.00</u>	<u>408,050.15</u>
Capital Assets, not being depreciated	327,958.76	87,591.39	.00	415,550.15
Capital Assets, being depreciated				
Gas distribution system	2,273,783.00	11,016.00	.00	2,284,799.00
Less: accumulated depreciation	<u>1,553,759.00</u>	<u>39,119.00</u>	<u>.00</u>	<u>1,592,878.00</u>
Net Distribution System	720,024.00	(28,103.00)	.00	691,921.00
Equipment	76,140.00	1,347.00	.00	77,487.00
Less: accumulated depreciation	<u>29,726.00</u>	<u>9,792.00</u>	<u>.00</u>	<u>39,518.00</u>
Net Equipment	46,414.00	(8,445.00)	.00	37,969.00

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Vehicles	\$ 71,666.85	\$ 16,892.50	\$.00	\$ 88,559.35
Less: accumulated depreciation	<u>30,820.00</u>	<u>14,332.00</u>	<u>.00</u>	<u>45,152.00</u>
Net Vehicles	<u>40,846.85</u>	<u>2,560.50</u>	<u>.00</u>	<u>43,407.35</u>
Capital Assets, being depreciated, net	<u>807,284.85</u>	<u>(33,987.50)</u>	<u>.00</u>	<u>773,297.35</u>
Capital Assets, net	<u>1,135,243.61</u>	<u>53,603.89</u>	<u>.00</u>	<u>1,188,847.50</u>

NOTE 6 – ACCOUNTS AND OTHER PAYABLES

The payables at April 30, 2007, are as follows:

Class of Payable

Trade	\$ 249,578.56
Payroll withholdings and related	436.99
Compensated absences	36,967.00
Customer deposits	<u>3,738.88</u>
Total	<u>290,721.43</u>

NOTE 7 – LEASES

Operating Leases. The District does not have any operating leases.

Capital Leases. The District has no capital leases.

NOTE 8 – RETIREMENT PLAN

All employees of the District have the opportunity to participate in the Parochial Employees' Retirement System of Louisiana (the System), a multiple-employee, cost sharing retirement system for public employees. It is controlled and administered by a separate Board of Trustees.

No employees are currently participating in the System. They are covered through the social security system whereby the District matches the 7.65% paid by the employee.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

NOTE 9 – VACATION AND SICK LEAVE

The District's employees earn vacation time at varying rates based on their years of service. They may carry a certain amount of unused vacation leave into the subsequent period and may be paid for unused vacation time upon termination at the approval of the Board. Employees may accrue leave without limitations. Unused sick leave is not paid upon termination.

There was \$36,967 in accrued vacation leave earned at April 30, 2007.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

NOTE 11 – COMMITMENTS AND CONCENTRATIONS

Commitments: The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year. The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract was executed for a ten year period, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination.

Concentrations: The District provides natural gas services to two customers totaling 93% of total sales. Sales of \$1,042,021.18 to the Eastern Louisiana State Hospital accounted for 31% of total sales, and sales of \$2,122,226.55 to Louisiana State Penitentiary accounted for 62%.

NOTE 12 – RELATED PARTY TRANSACTIONS

There were no related party transactions requiring disclosure.

NOTE 13 – LITIGATION AND CLAIMS

There is no litigation that would require disclosure in the accompanying basic financial statements.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2007**

NOTE 14 – SUBSEQUENT EVENTS

The State Bond Commission had previously approved Utility Revenue Bonds for the District in the amount of \$2,790,000 for a gas line replacement/improvement project. These Series 2008 bonds have been sold but not delivered to the United States of America acting through Rural Development. Repayment will be over a period of 40 years at an interest rate of 4.25%.

Bond Anticipation Notes were purchased by Hancock Bank of Louisiana and the Louisiana Public Authorities. In May of 2007, the District received its first advances on these notes in the amounts of \$50,100 and \$558,000,

SUPPLEMENTARY INFORMATION

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED APRIL 30, 2007**

	<u>Business-type Activities</u>
<u>ADMINISTRATIVE</u>	
Advertising	\$ 1,674.40
Billing service	1,569.78
Board meetings/travel	9,995.85
Office and supplies	11,703.50
Official publications	1,348.68
Professional fees	16,753.50
Taxes and licenses	1,918.00
Total Administrative	<u>44,963.71</u>
<u>DEPRECIATION</u>	63,243.00
<u>EMPLOYEE AND RELATED EXPENSES</u>	
Drug testing expense	627.50
Group insurance	36,943.36
Payroll taxes	13,197.47
Salaries and wages	166,660.34
Uniforms	1,929.01
Total Employee and Related Expenses	<u>219,357.68</u>
<u>OCCUPANCY</u>	
Insurance	54,390.00
Telephone	7,542.28
Utilities	3,234.38
Total Occupancy	<u>65,166.66</u>
<u>PERSONAL SERVICES</u>	
Gas purchases	2,740,497.30
Professional fees	42,104.06
Rent	2,750.00
Repairs and maintenance	49,545.88
Truck expense	18,647.40
Total Personal Services	<u>2,853,544.64</u>
TOTAL OPERATING EXPENSES	<u><u>3,246,275.69</u></u>

See Auditors' Report.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
STATISTICAL DATA
YEAR ENDED APRIL 30, 2007**

<u>Month</u>	<u>Purchases</u>		<u>Cost per MMBTU</u>	<u>Sales</u>
	<u>MMBTU</u>	<u>Amount</u>		
May	18,606	\$ 156,493.28	\$ 8.32	\$ 189,905.37
June	18,606	116,481.72	6.19	139,910.27
July	16,570	115,142.32	6.76	160,853.93
August	15,844	128,645.86	7.86	166,971.34
September	15,974	127,778.84	7.72	166,239.92
October	21,816	128,718.67	5.69	175,741.53
November	36,580	274,923.82	7.28	338,907.82
December	45,026	444,176.44	9.59	528,351.67
January	50,736	424,404.71	8.17	519,929.19
February	42,789	377,845.28	8.69	479,294.51
March	26,565	231,954.28	8.47	291,333.58
April	24,072	213,932.08	8.68	262,159.07
Total Purchases	333,184	\$ 2,740,497.30		
			Total Sales	\$ 3,419,598.20

See Auditors' Report.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
COMPARATIVE DATA
YEAR ENDED APRIL 30, 2007**

	<u>2007</u>	<u>2006</u>
<u>SUMMARY OF STATEMENT OF REVENUES</u>		
Operating revenues	\$ 3,428,472	\$ 4,524,167
Cost of revenues - gas purchases	2,740,497	3,869,444
Gross profit	<u>687,975</u>	<u>654,723</u>
Operating expenses	442,535	380,063
Depreciation	63,243	56,552
Operating income	<u>182,197</u>	<u>218,108</u>
Non-operating revenues	30,341	293,763
Non-operating expenses	-	411
Net Income	<u><u>212,538</u></u>	<u><u>511,460</u></u>

OTHER DATA

Capital assets	2,866,396	2,749,549
Net working capital	1,285,167	1,129,972
Total assets	2,768,475	2,480,863
Long-term liabilities	-	-
Total equity	2,477,753	2,265,216
Average no. of customers	360	362
Total cubic feet of gas sold (MCF)	341,728	372,062

See Auditors' Report.

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
APRIL 30, 2007**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Board members is presented for the year ended April 30, 2007.

<u>Board Member Name</u>	<u>Amount</u>
Kevin Beauchamp	\$ 750.00
David Honeycutt	650.00
Bess Kelley	700.00
Joseph Kowalczyk	200.00
Anthony Long	650.00
Laura Beth Lott	400.00
Dennis Neal	450.00
David Norwood	350.00
Terry Osterberger	750.00
Will Plettinger	650.00
Edward Sharper	750.00
Glen Thomas	<u>550.00</u>
Total	<u>6,850.00</u>

See Auditors' Report.

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Clay Hardouin and Board Members of
Gas Utility District No. 1 of West Feliciana Parish
P. O. Box 2485
St. Francisville, Louisiana 70775

We have audited the financial statements of the business-type activities of the Gas Utility District No. 1 of West Feliciana Parish as of and for the year ended April 30, 2007, which collectively comprise the Gas Utility District No. 1 of West Feliciana Parish's basic financial statements and have issued our report thereon dated October 29, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gas Utility District No. 1 of West Feliciana Parish's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal

control.

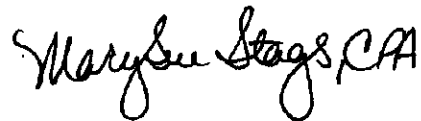
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gas Utility District No. 1 of West Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the West Feliciana Parish Police Jury, the Legislative Auditor and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
October 29, 2007

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 2007**

We have audited the financial statements of the Gas Utility District No. 1 of West Feliciana Parish as of and for the year ended April 30, 2007, and have issued our report thereon dated October 29, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of April 30, 2007, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Compliance and Internal Control Material to the Financial Statements

Compliance	Material to Financial Statements	■ No
Internal Control	Material Weakness	■ No
	Other Conditions	■ No

B. Federal Awards

N/A

C. Identification of Major Programs

N/A

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

None

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED APRIL 30, 2007**

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

None

Section III Management Letter

2006.01 Filing Requirements	Resolved
Condition: Annual audited financial statements were not timely filed	

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED APRIL 30, 2007**

Section I Compliance and Internal Control Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A